

OCT 4 1931

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KROGER GROCERY & BAKING CO. (KG) (35 1/2-18)

Kroger's experiment of establishing grocery & meat departments in Sears Roebuck's retail stores is apparently proving successful. Sales volume in such units is said to run about 11 times that of the ordinary corner grocery store in each of the units now operated in Cincinnati, Chicago and Minneapolis and the two companies now have plans for the opening of four additional units of this type within the next few months. These outlets will be located in St. Louis, Kansas City and Memphis. In addition, a store also will be opened in Detroit within the near future.

Opening of such units and large downtown food stores, when coupled with the continued closing and consolidation of smaller units is improving Kroger's margin of profit on sales and is partly responsible for the sharp increase in profits during the initial half of the current year. During that period returns equaled \$1.25 a share on the common, contrasted with 15 cents a share reported for the similar 1930 period and \$1.15 for the full year.

Sales for the latest 4-week period ended August 15 fell 7% below those of a year previous, but more favorable comparisons are anticipated for the balance of the year. On this basis, it is expected that total 1931 returns will approximate \$3.25 a share on the 1,813,486 no par common shares, which are junior only to a nominal amount of preferred stock and subsidiary obligations of \$1,593,950. A strong financial position has been maintained and it is believed that an increase in dividend distributions from the present \$1 rate is possible once the present rehabilitation program has been completed. The common stock is fairly evaluated at 29 on the basis of anticipated 1931 profits and with further gains anticipated in the future, we believe the issue offers decided attraction for holding over the intermediate term.

September 8, 1931



Kroger Grocery & Baking Co.

